

Vermont Municipal Employees' Retirement System

Volume 6, Issue 1

July 2006

Retirement Director's Corner

Pension Software Project Update

We're happy to report the Retirement Office electronic imaging project, which started in July, was completed on schedule and under budget.

The Retirement Office previously maintained a paper file for each and every active and retired member, estimated at approximately 1.8 million pieces of paper. Electronic imaging of all paper files allows member records to be viewed on computer screens. This not only saves a significant amount of time, but is also much more secure in the event of a fire or other type of disaster. One of the other rewarding results of this project was not having to move more than 60 file cabinets to our new location at 109 State Street.

The Line of Business RFP was released in July, and a bidders' conference was held in August. Five responses were received in September, product demonstrations were provided in October, and just after the move to our new location second demos from two selected vendors were

Continued on back page



Legislative Update

The Board of Trustees worked very hard last fall to draft a comprehensive bill that would address a variety of issues relating to the benefits available from the Vermont Municipal Employees' Retirement System (VMERS). Many of the proposals clarified or tightened up existing statutory language, while others expanded the Board's authority to offer enhanced benefits to the members and retirees of the VMERS. The final bill that passed was a scaled-down version of the original, but it still contained many important changes. The following provisions contained in **H.884** will be effective July 1, 2006:

- clarifies how the average final compensation (AFC) will be calculated for members who separate from service within a fiscal year. The language mirrors the cur-

rent practice for calculating AFC.

- expands the definition of "employee" within a school district to include employees who work 24 or more hours per week for the full year, and eliminates the reference to museum employees as it is no longer applicable.

- amends the definition of "employer" to be consistent with the definition of "employee" for libraries, and removes museums from the definition as it is no longer applicable.

- adds a provision to allow a member who is purchasing creditable service to spread the payments over three equal annual installments in lieu of a single, lump sum payment.

- amends the disability provisions to clarify the application timeframe must be within 90 days of separation

of service, the eligibility requirements and the effective date of the benefit; creates language consistent with current practice relating to the Medical Review Board process; and provides for an automatic approval if already approved by the Social Security Administration.

- allows the retirement system or a disability applicant to appeal a decision of the hearing officer for approval or denial of a disability benefit.

- tightens up language that allows for an annual review after a disability benefit has been granted.

- adds language that would allow a non-dependent designated beneficiary to receive a return of contributions and interest upon the death of an active member of the system.

(continued on page 2)

Your Retirement Division....

The Retirement Division of the State Treasurer's Office is currently comprised of 13 staff members. The primary function of the staff is to serve the needs of the active contributing members and retired members receiving benefit payments. The staff of the Retirement Division conducted 1,216 individual counseling sessions and processed a total of 716 retirements for members of the three systems during the 2005 calendar year: 365 Teacher retirees, 255 State retirees, and 96 retirees in the Municipal system. Staff also calculated over 7,000 retirement estimates at the request of prospective retirees, a fifty percent increase over 2004. A variety of staff conducted 75 informational sessions across Vermont for members of the three systems in 2005, with approximately 1,775 individuals in attendance. (See the chart on insert page 4.)

We are always looking for ways to better serve our customers. If you have suggestions, please call our offices at 802-828-2305, locally or out-of-state; 1-800-642-3191, toll-free within VT; or e-mail us at treasurers_office@state.vt.us.

Wondering What To Do With A Recent Salary Increase?

Reward yourself by putting it into the \$457 Deferred Compensation Plan! If you aren't already a member there's no better time than **now** to sign up for the easiest way ever to save for your future. Call 1-800-457-1028 or 802-229-2391 to set up a personal appointment with a Great-West Retirement Services representative to discuss the options.

If you're already one of the 5,800

members in the Plan, simply increase your deferral.

Changing or beginning contributions couldn't be easier, and the benefits are remarkable. Remember, the money you won't miss now could be the money you need later!

Visit us on the Web at
www.vermonttreasurer.gov

Estate Planning—Get The Facts

Since you've worked hard for your money, and made decisions to save wisely, it's natural for you to want some control over the destination of your assets at the time of your death. There are measures you can take now to avoid potential hassles for your loved ones in the future, but the first step is to gain all the facts involved in planning your estate.

What Does Estate Planning Include?

Estate planning can include the following steps:

- Locating and reviewing your current documents (Will, life insurance policies, beneficiary designations, etc.).
- Taking inventory of everything you own (life insurance, real estate,).
- Developing your own personal estate planning goals.
- Determining how you intend to dispose of everything.
- Estimating tax consequences of implementing your goals and considering alternate ways to achieve those goals.
- Preparing and executing the documents to implement your plan, such as a Will, beneficiary designations or changes, Power of Attorney, Living Wills, etc.
- Reviewing your plan and changing the documents if necessary (usually every five years, or when significant events occur, such as birth, death, marriage, divorce, etc.).

Before making any decisions regarding your estate planning strategy, it may be appropriate to talk to an experienced estate attorney or financial advisor, or visit other estate planning resources including the Federal Information Center at www.pueblo.gsa.gov.

We Moved...

In October 2005, after many months of anticipation, the movers came, packed, and moved the Treasurer's Office from the 2nd floor at 133 State Street, where it has been for the past 60 years, across the Capitol lawn to the 4th floor of the Pavilion Building at **109 State Street**. Other than changing the physical location and address of the office, nothing else has changed. Our Web address, phone numbers, and the faces all remain the same! Please feel free to drop by for a visit, anytime.

Extra Weight Promotes Cancer?

We're being told that obesity increases the risk of many diseases and even forms of cancer, but most of us need to know how, and why, extra weight causes cancer. Often knowing the why of something helps us to better see the connection and take action.

As published in the *New England Journal of Medicine*, researchers followed 900,000 people for 16 years, all of whom were cancer-free when the study began. The heaviest members had death rates that were 52% higher for men and 62% higher for women than those people of normal weight. That means that excess weight and obesity may account for 14% of **all** cancer deaths in the U.S. for men and 20% for women. Learn what you can about this critical issue from your doctors, or healthcare professional, and watch your weight. We care about your good health.

Legislative Update (continued from page 1)

- ▶ clarifies when cost-of-living adjustments will be applied to retiree pensions.
- ▶ provides the authority for a legislative body of a municipality to offer the group D plan without having to put it to a vote at an annual or special meeting of the municipality.
- ▶ creates language to allow the Board of Trustees to establish a type of health reimbursement account that can be accessed by retired members.

Please call the Retirement Division at 1-800-642-3191 if you have questions regarding any of the above changes, or how they might impact you.

Bi-Annual Newsletters... In the future, newsletters will be distributed to active and retired members twice a year, in July and December. We welcome your comments and/or requests if you have a specific topic or question you would like addressed in an upcoming newsletter. In addition, we will send special announcements or flyers to targeted active or retiree groups as necessary. Please watch your mail for future notifications from our office to ensure you do not miss important and often time-sensitive information.

STRAIGHT FROM THE BOOK *Eligibility for Retirement*

Normal Retirement

Group A: age 65 and the completion of 5 years of creditable service; or as early as age 55 and the completion of 35 years of service. **Group B:** age 62 and the completion of 5 years of creditable service; or as early as age 55 and the completion of 30 years of creditable service. **Group C:** age 55 and the completion of 5 years of creditable service. **Group D:** age 55 with the completion of 5 years of creditable service.

Early Retirement

Group A: age 55 and the completion of 5 years of creditable service. **Group B:** age 55 and the completion of 5 years of creditable service. **Group C:** N/A **Group D:** age 50 with the completion of 20 years of creditable service.

Disability Retirement

"Disability Retirement" means a monthly benefit for the member who becomes disabled either physically or mentally to the extent that he cannot continue to perform his duties as an employee, whose disability is likely to be permanent, and that the member should be retired.

If you become disabled, you are eligible to apply for disability retirement if you have acquired a minimum of 5 years of creditable service, your application is filed not later than 90 days after the date you separated from service, and you have met the criteria listed above. The disability must exist at the time of separation. Your application is subject to review and certification by the Medical Review Board (MRB) and approval by the Board of Trustees that you are disabled on the basis of medical evidence. Beginning July 1, 2006, your application will automatically be approved if you have applied for and been approved for a disability retirement from the Social Security Administration.

For Group D members there is an additional disability retirement benefit payable for each dependent child (up to 3 children), which is equal to 10% of average final compensation (AFC). The additional benefit is payable until the child reaches age 18, or age 23 if a dependent student. These benefits are reduced by any Social Security benefit payable.

An annual review of the status of your disability may occur. Your eligibility ceases at the end of the month in which you recover and/or are determined no longer disabled. Termination of a disability pension does not affect your right to apply for a transfer to a normal or early pension benefit, if qualified.

Retiring within the next 5 years? Here are some helpful tips.....

The Annual Benefit Statement you receive each fall is an excellent resource for long-term retirement planning. As you get closer to your expected retirement date, however, you should begin to look more closely at all of your income sources as well as your expected obligations after retirement so that you will have a more accurate picture of your long-term financial status.

5 years from retirement – Take a close look at your debt ratio. Take steps to pay off as much of your outstanding debt as possible, especially items such as credit card balances and personal loans. Replace high-ticket items such as kitchen appliances, washer and dryer, lawn tractor, etc. in order to avoid costly unexpected expenses after retirement. Pay off your mortgage if you have not already done so.

2 to 3 years from retirement – Obtain estimates from the Retirement Division and the Social Security Administration for your projected monthly benefit under all options based on your anticipated retirement date. Anticipate what you will have from other sources, such as a deferred income plan [457, 403(b) or 401(a) or 401(k)], income from real estate, a business, inheritance, etc. Work with a financial planner or utilize a financial planning program to determine what your monthly income will be compared to your monthly obligations. Take steps to bring them into alignment if necessary. Keep in mind this may mean that you will have to defer your anticipated retirement date for another year or more to ensure you will have sufficient income to meet your needs in retirement.

1 year from retirement – You have done your homework and can now relax and enjoy your final year of employment, knowing that you can look forward to a secure and enjoyable retirement. Request an updated estimate from the Retirement Division and the Social Security Administration for your anticipated retirement date under all options. Once you receive your estimates, we strongly recommend that you make an appointment with one of the retirement specialists in the Retirement Division by calling 1-800-642-3191. The specialist will go over all of your options in detail and assist you to complete the necessary paperwork to file for retirement benefits.

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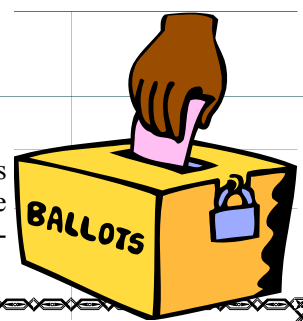
Editor: Donna Holden

Important Facts About Your Retirement Plan

- ▶ Retirement is effective the first of the month following separation of service.
- ▶ Benefits are paid the last working day of the month for that month.
- ▶ There are several different retirement options to choose from. You must elect an option prior to commencement of retirement benefits, and your option cannot be changed after retirement.
- ▶ The majority of your pension will be considered taxable income.
- ▶ BENEFITS ARE NOT AUTOMATIC. YOU MUST APPLY FOR THEM.

ELECTION RESULTS

The Vermont Municipal Employees' Retirement System held an election for a trustee position this spring. David Lewis, the incumbent Board member, was the only candidate who applied for the position. Pursuant to Board Election Rules, Mr. Lewis will be appointed to fill the employer representative three-year term at the first Board meeting following July 1st. Congratulations, Mr. Lewis.



Your Retirement Division... (Continued from page 1)

Retirement Division Performance Indicators			
Activity	Calendar Year 2005	Calendar Year 2004	Percent Change
Estimates	7,031	4,700	50%
Individual Counseling Sessions	1,216	1,070	14%
Retirements	716	655	9%
Withdrawals	2,816	3,072	-8%
Deaths	279	265	5%
Seminars	75	71	6%
Seminar Attendance	1,775	1,830	-3%

Director's Corner (Continued from page 1)

held in early November. The vendor evaluation process concluded in December with the selection of Levi, Ray, and Shoup, Inc. (LRS), and thankfully delays or complications did not hamper our March 29, 2006, project kickoff date. Challenging work on this project lies ahead, but we are excited about the possibilities and will keep you informed with future updates.

Annual Benefits Statements... If you are actively employed on June 30th, you will receive an Annual Benefit Statement in the fall, typically during the month of October. Your Annual Benefit Statement provides you with important information regarding the status of your retirement account, and your projected benefits under a normal retirement, early retirement or a disability retirement. It also provides you with valuable information regarding how your family is protected if your death should occur while still actively employed. Take a few minutes to review your statement to ensure the information that is reflected in the statement is accurate. Make sure the following information is accurate according to your records: your salary and accrued service for the past fiscal year, your account balance and total accrued service at the end of the fiscal year, and your primary beneficiary designation. If your beneficiary designation is listed as "ESTATE," it means that you have not designated a beneficiary. Contact the Retirement Division at 1-800-642-3191 if there are inaccuracies, or you have questions regarding the information contained in your statement.

**** NEW ADDRESS ****

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